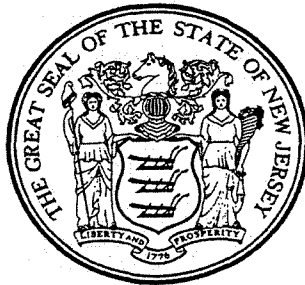


# **QUARTERLY REPORT**

**LICENSEE ADAMAR OF NEW JERSEY, INC. D/B/A  
TROPICANA CASINO AND RESORT**

**FOR THE QUARTER ENDED SEPTEMBER 30, 2005**

**TO THE  
CASINO CONTROL COMMISSION  
OF THE  
STATE OF NEW JERSEY**



# BALANCE SHEETS

AS OF SEPTEMBER 30, 2005 AND 2004

(UNAUDITED)  
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	2005 (c)	2004 (d)
	<b>ASSETS</b>		
	Current Assets:		
1	Cash and Cash Equivalents.....	\$ 24,704	\$ 20,211
2	Short-Term Investments.....	0	0
3	Receivables and Patrons' Checks (Net of Allowance for Doubtful Accounts - 2005, \$16,363 ; 2004, \$10,793)..... (Note 6).....	18,991	17,900
4	Inventories.....	4,743	3,737
5	Prepaid Expenses and Other Current Assets.....	11,925	10,101
6	Total Current Assets.....	60,363	51,949
7	Investments, Advances, and Receivables..... (Note 4,5).....	24,476	22,258
8	Property and Equipment - Gross..... (Note 2).....	1,106,008	1,046,414
9	Less: Accumulated Depreciation and Amortization..... (Note 2).....	(304,760)	(280,607)
10	Property and Equipment - Net..... (Note 2).....	801,248	765,807
11	Other Assets.....	66,492	45,746
12	Total Assets.....	\$ 952,579	\$ 885,760
	<b>LIABILITIES AND EQUITY</b>		
	Current Liabilities:		
13	Accounts Payable.....	\$ 25,320	\$ 38,074
14	Notes Payable.....	0	0
	Current Portion of Long-Term Debt:		
15	Due to Affiliates.....	0	0
16	Other..... (Note 3).....	43	73
17	Income Taxes Payable and Accrued.....	0	0
18	Other Accrued Expenses.....	23,873	24,668
19	Other Current Liabilities.....	992	6,368
20	Total Current Liabilities.....	50,228	69,183
	Long-Term Debt:		
21	Due to Affiliates..... (Note 3,5).....	447,000	447,000
22	Other..... (Note 3).....	312	21
23	Deferred Credits.....	0	0
24	Other Liabilities..... (Note 5).....	342,366	243,351
25	Commitments and Contingencies..... (Note 4).....	0	0
26	Total Liabilities.....	839,906	759,555
27	Stockholder's, Partners', or Proprietor's Equity.....	112,673	126,205
28	Total Liabilities and Equity.....	\$ 952,579	\$ 885,760

The accompanying notes are an integral part of the financial statements.  
Valid comparisons cannot be made without using information contained in the notes.

# STATEMENTS OF INCOME

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2005 AND 2004

(UNAUDITED)  
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	2005 (c)	2004 (d)
	Revenue:		
1	Casino.....	\$ 329,495	\$ 274,483
2	Rooms.....	51,655	36,199
3	Food and Beverage.....	44,311	36,854
4	Other.....	18,736	10,769
5	Total Revenue.....	444,197	358,305
6	Less: Promotional Allowances.....	81,695	66,339
7	Net Revenue.....	362,502	291,966
	Costs and Expenses:		
8	Cost of Goods and Services..... (Note 5).....	211,471	175,778
9	Selling, General, and Administrative..... (Note 5).....	54,925	45,755
10	Provision for Doubtful Accounts.....	1,180	522
11	Total Costs and Expenses.....	267,576	222,055
12	Gross Operating Profit.....	94,926	69,911
13	Depreciation and Amortization.....	31,724	23,222
14	Charges from Affiliates Other than Interest:		
15	Management Fees..... (Note 5).....	24,900	24,600
15	Other.....	0	0
16	Income (Loss) from Operations.....	38,302	22,089
	Other Income (Expenses):		
17	Interest (Expense) - Affiliates..... (Note 3).....	(40,230)	(40,230)
18	Interest (Expense) - External..... (Note 3).....	(25)	10,181
19	Investment Alternative Tax and Related Income (Expense) - Net.....(Note 4).....	(1,379)	(696)
20	Nonoperating Income (Expense) - Net..... (Note 6, 7).....	(1,123)	2,634
21	Total Other Income (Expenses).....	(42,757)	(28,111)
22	Income (Loss) Before Income Taxes and Extraordinary Items.....	(4,455)	(6,022)
23	Provision (Credit) for Income Taxes.....	(230)	(506)
24	Income (Loss) Before Extraordinary Items.....	(4,225)	(5,516)
25	Extraordinary Items (Net of Income Taxes - 2005, \$0 ; 2004, \$0 ) .....	0	0
26	Net Income (Loss).....	\$ (4,225)	\$ (5,516)

\* Certain 2004 amounts have been reclassified to conform with 2005 presentation.

The accompanying notes are an integral part of the financial statements.  
Valid comparisons cannot be made without using information contained in the notes.

# STATEMENTS OF INCOME

FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2005 AND 2004

(UNAUDITED)  
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	2005 (c)	2004 (d)
	Revenue:		
1	Casino.....	\$ 123,564	\$ 98,513
2	Rooms.....	21,691	14,045
3	Food and Beverage.....	15,947	13,289
4	Other.....	8,017	4,057
5	Total Revenue.....	169,219	129,904
6	Less: Promotional Allowances.....	32,791	23,653
7	Net Revenue.....	136,428	106,251
	Costs and Expenses:		
8	Cost of Goods and Services..... (Note 5).....	74,456	61,784
9	Selling, General, and Administrative..... (Note 5).....	17,405	17,596
10	Provision for Doubtful Accounts.....	586	153
11	Total Costs and Expenses.....	92,447	79,533
12	Gross Operating Profit.....	43,981	26,718
13	Depreciation and Amortization.....	10,787	7,973
	Charges from Affiliates Other than Interest:		
14	Management Fees..... (Note 5).....	7,500	7,500
15	Other.....	0	0
16	Income (Loss) from Operations.....	25,694	11,245
	Other Income (Expenses):		
17	Interest (Expense) - Affiliates..... (Note 3).....	(13,410)	(13,410)
18	Interest (Expense) - External..... (Note 3).....	(22)	3,925
19	Investment Alternative Tax and Related Income (Expense) - Net.....(Note 4).....	(718)	(241)
20	Nonoperating Income (Expense) - Net..... (Note 6, 7).....	(2,499)	(1,133)
21	Total Other Income (Expenses).....	(16,649)	(10,859)
22	Income (Loss) Before Income Taxes and Extraordinary Items.....	9,045	386
23	Provision (Credit) for Income Taxes.....	(681)	(1,704)
24	Income (Loss) Before Extraordinary Items.....	9,726	2,090
25	Extraordinary Items (Net of Income Taxes - 2005, \$0 ; 2004, \$0 ) .....	0	0
26	Net Income (Loss).....	\$ 9,726	\$ 2,090

\* Certain 2004 amounts have been reclassified to conform with 2005 presentation.

The accompanying notes are an integral part of the financial statements.  
Valid comparisons cannot be made without using information contained in the notes.

TRADE NAME OF LICENSEE TROPICANA CASINO AND RESORT

## STATEMENTS OF CHANGES IN STOCKHOLDER'S EQUITY

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2004 AND THE NINE MONTHS ENDED SEPTEMBER 30, 2005

(UNAUDITED)  
(\$ IN THOUSAND)

Line (a)	Description (b)	Common Stock		Preferred Stock		Additional Paid-In Capital (g)	(h)	Retained Earnings (Accumulated) (Deficit) (i)	Total Stockholder's Equity (Deficit) (j)
		Shares (c)	Amount (d)	Shares (e)	Amount (f)				
10	Balance, December 31, 2003	100	\$ 1	0	\$ 0	\$ 127,071	\$ 0	\$ 4,649	\$ 131,721
11	Net Income (Loss) - 2004							(14,898)	(14,898)
12	Contribution to Paid-in -Capital								
13	Dividends								
14	Prior Period Adjustments								
6									
7									
8									
9									
19	Balance, December 31, 2004	100	\$ 1	0	\$ 0	\$ 127,071	\$ 0	\$ (10,249)	\$ 116,823
11	Net Income (Loss) - 2005							(4,225)	(4,225)
12	Contribution to Paid-in -Capital					75			75
13	Dividends								
14	Prior Period Adjustments								
15									
16									
17									
18									
19	Balance, September 30, 2005	100	\$ 1	0	\$ 0	\$ 127,146	\$ 0	\$ (14,474)	\$ 112,673

The accompanying notes are an integral part of the financial statements.  
Valid comparisons cannot be made without using information contained in the notes.

TRADING NAME OF LICENSEE TROPICANA CASINO AND RESORT**STATEMENTS OF CASH FLOWS**

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2005 AND 2004

(UNAUDITED)  
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	2005 (c)	2004 (d)
1	NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES.....	\$ 52,282	\$ 85,553
	CASH FLOWS FROM INVESTING ACTIVITIES:		
2	Purchase of Short-Term Investment Securities.....		
3	Proceeds from the Sale of Short-Term Investment Securities.....		
4	Cash Outflows for Property and Equipment.....	(49,705)	(97,133)
5	Proceeds from Disposition of Property and Equipment.....	99	61
6	Purchase of Casino Reinvestment Obligations.....	(4,858)	(3,546)
7	Purchase of Other Investments and Loans/Advances made.....		
8	Proceeds from Disposal of Investments and Collection of Advances and Long-Term Receivables.....	3,343	2,113
9	Cash Outflows to Acquire Business Entities.....		
10			
11			
12	Net Cash Provided (Used) By Investing Activities.....	(51,121)	(98,505)
	CASH FLOWS FROM FINANCING ACTIVITIES:		
13	Cash Proceeds from Issuance of Short-Term Debt.....		
14	Payments to Settle Short-Term Debt.....		
15	Cash Proceeds from Issuance of Long-Term Debt.....		
16	Costs of Issuing Debt.....		
17	Payments to Settle Long-Term Debt.....	(79)	(106)
18	Cash Proceeds from Issuing Stock or Capital Contributions.....		
19	Purchases of Treasury Stock.....		
20	Payments of Dividends or Capital Withdrawals.....		
21			
22			
23	Net Cash Provided (Used) By Financing Activities.....	(79)	(106)
24	Net Increase (Decrease) in Cash and Cash Equivalents.....	1,082	(13,058)
25	Cash and Cash Equivalents at Beginning of Period.....	23,622	33,269
26	Cash and Cash Equivalents at End of Period.....	\$ 24,704	\$ 20,211
CASH PAID DURING PERIOD FOR:			
27	Interest (Net of Amount Capitalized).....	\$ (40,255)	\$ (30,049)
28	Income Taxes.....	\$	\$

The accompanying notes are an integral part of the financial statements.  
Valid comparisons cannot be made without using information contained in the notes.

TRADING NAME OF LICENSEE TROPICANA CASINO AND RESORT

## STATEMENTS OF CASH FLOWS

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2005 AND 2004

(UNAUDITED)  
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (l)	2005 (c)	2004 (d)
	NET CASH FLOWS FROM OPERATING ACTIVITIES:		
29	Net Income (Loss).....	\$ (4,225)	\$ (5,516)
	Noncash Items Included in Income and Cash Items Excluded from Income:		
30	Depreciation and Amortization of Property and Equipment.....	31,724	23,220
31	Amortization of Other Assets.....	0	2
32	Amortization of Debt Discount or Premium.....	(97)	(12)
33	Deferred Income Taxes - Current.....	(2,955)	0
34	Deferred Income Taxes - Noncurrent.....	(3,302)	(3,459)
35	(Gain) Loss on Disposition of Property and Equipment.....	397	522
36	(Gain) Loss on Casino Reinvestment Obligations.....	1,367	584
37	(Gain) Loss from Other Investment Activities.....		
	Net (Increase) Decrease in Receivables and Patrons'		
38	Checks.....	(650)	(6,815)
39	Net (Increase) Decrease in Inventories.....	(319)	(424)
40	Net (Increase) Decrease in Other Current Assets.....	3,488	199
41	Net (Increase) Decrease in Other Assets.....	(5,815)	(16,133)
42	Net Increase (Decrease) in Accounts Payable.....	1,167	16,103
	Net Increase (Decrease) in Other Current Liabilities		
43	Excluding Debt.....	(6,344)	2,633
	Net Increase (Decrease) in Other Noncurrent Liabilities		
44	Excluding Debt.....	37,771	74,649
45	Tax Benefit from Stock Options Exercised.....	75	0
46			
47	Net Cash Provided (Used) By Operating Activities.....	\$ 52,282	\$ 85,553

## SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

	ACQUISITION OF PROPERTY AND EQUIPMENT:		
48	Additions to Property and Equipment.....	\$ (49,705)	\$ (97,133)
49	Less: Capital Lease Obligations Incurred.....	0	0
50	Cash Outflows for Property and Equipment.....	\$ (49,705)	\$ (97,133)
	ACQUISITION OF BUSINESS ENTITIES:		
51	Property and Equipment Acquired.....	\$ 0	\$ 0
52	Goodwill Acquired.....	0	0
	Net Assets Acquired Other than Cash, Goodwill, and		
53	Property and Equipment.....	0	0
54	Long-Term Debt Assumed.....	0	0
55	Issuance of Stock or Capital Invested.....	0	0
56	Cash Outflows to Acquire Business Entities.....	\$ 0	\$ 0
	STOCK ISSUED OR CAPITAL CONTRIBUTIONS:		
57	Total Issuances of Stock or Capital Contributions.....	\$ 0	\$ 0
58	Less: Issuances to Settle Long-Term Debt.....	0	0
59	Consideration in Acquisition of Business Entities.....	0	0
60	Cash Proceeds from Issuing Stock or Capital Contributions.....	\$ 0	\$ 0

The accompanying notes are an integral part of the financial statements.  
Valid comparisons cannot be made without using information contained in the notes.

TRADING NAME OF LICENSEE

TROPICANA CASINO AND RESORT

# **SCHEDULE OF PROMOTIONAL EXPENSES AND ALLOWANCES**

(\$ IN THOUSANDS)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2005

Line (a)	(b)	Promotional Allowances		Promotional Expenses	
		Number of Recipients (c)	Dollar Amount (d)	Number of Recipients (e)	Dollar Amount (f)
1	Rooms	270,901	\$ 23,239	0	\$ 0
2	Food	2,083,581	20,419	258,507	2,533
3	Beverage	7,525,996	9,147	0	0
4	Travel	0	0	10,995	3,848
5	Bus Program Cash	469,075	7,579	0	0
6	Other Cash Complimentaries	903,394	18,974	0	0
7	Entertainment	191,900	383	23,427	469
8	Retail & Non-Cash Gifts	0	0	380,425	3,546
9	Parking	0	0	31,872	96
10	Other	809,030	1,954	256,704	766
11	Total	12,253,877	\$ 81,695	961,930	\$ 11,258

\*\* There are no complimentary services or items in Line 10 "other" which exceeds 5% of that column's total.

FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2005

Line (a)	(b)	Promotional Allowances		Promotional Expenses	
		Number of Recipients (c)	Dollar Amount (d)	Number of Recipients (e)	Dollar Amount (f)
1	Rooms	96,222	\$ 9,335	0	\$ 0
2	Food	767,704	7,524	126,595	1,240
3	Beverage	2,543,077	3,134	0	0
4	Travel	0	0	3,587	1,255
5	Bus Program Cash	169,860	2,655	0	0
6	Other Cash Complimentaries	389,892	9,331	0	0
7	Entertainment	45,100	89	3,676	74
8	Retail & Non-Cash Gifts	0	0	78,231	698
9	Parking	0	0	31,872	96
10	Other	320,390	723	92,594	304
11	Total	4,332,245	\$ 32,791	336,555	\$ 3,667

\*\* There are no complimentary services or items in Line 10 "other" which exceeds 5% of that column's total.



ADAMAR OF NEW JERSEY, INC.  
DBA TROPICANA CASINO AND RESORT  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2005 AND 2004

**NOTE 1. DISCLOSURES NOT PRESENTED AND RECENT ACCOUNTING PRONOUNCEMENTS**

Certain footnotes have not been presented in these Notes to Consolidated Financial Statements. These footnotes would be a duplicate of items contained in the Casino Control Commission Annual Report for the year ended December 31, 2004.

The specific footnotes not presented are the Summary of Significant Accounting Policies and Lease Obligations. The footnotes contained in the December 31, 2004 Annual Report should be read in conjunction with these financial statements.

**NOTE 2. PROPERTY AND EQUIPMENT**

At September 30, 2005 and 2004, the components of Property and Equipment consisted of:

	<u>2005</u>	<u>2004</u>
Land and land improvements	\$ 49,974,000	\$ 49,974,000
Building and improvements	878,636,000	587,842,000
Furniture, fixtures and equipment	169,934,000	157,735,000
Leased personal property	1,366,000	2,111,000
Construction in progress	<u>6,098,000</u>	<u>248,752,000</u>
Total property and equipment-gross	1,106,008,000	1,046,414,000
Less: accumulated depreciation and amortization	<u>(304,760,000)</u>	<u>(280,607,000)</u>
Total property and equipment	<u>\$ 801,248,000</u>	<u>\$ 765,807,000</u>

**NOTE 3. LONG-TERM DEBT**

At September 30, 2005 and 2004, Long-Term Debt consisted of:

	<u>2005</u>	<u>2004</u>
Notes Payable - Aztar Corporation; 12.0% due 2014	<u>\$ 447,000,000</u>	<u>\$ 447,000,000</u>
Long-term debt due to affiliates	447,000,000	447,000,000
Imax Contract Payable 7.2% due 2014	339,000	0
Obligations under capital leases	<u>16,000</u>	<u>94,000</u>
Total affiliates and other	447,355,000	447,094,000
Less: current portion	<u>(43,000)</u>	<u>(73,000)</u>
Total long-term debt	<u>\$ 447,312,000</u>	<u>\$ 447,021,000</u>

**NOTE 4.****COMMITMENTS AND CONTINGENCIES**Licensing

On November 26, 1982, the Company was granted a plenary gaming license by the New Jersey Casino Control Commission, referred to as the "CCC". The license is renewable every four years. In November 2003, the license was renewed for a period of four years, effective through November 30, 2007, subject to the condition that the Company and Aztar provide the CCC and the New Jersey Division of Gaming Enforcement with revised financial forecasts for the first two years of the license term by February 10, 2004. The revised financial forecasts were required to supplement previously filed financial forecasts to reflect a revised projected opening date for the expansion which was delayed as a result of an accident which occurred on October 30, 2003 at the site of the construction of the parking-garage component of the expansion (see "Note 6: Accounting for the Impact of the October 30, 2003 Construction Accident"). The revised financial forecasts were submitted in accordance with the license condition and on April 30, 2004, the Division of Gaming Enforcement issued a report which indicates the Company and Aztar have complied with the condition imposed and that both continue to demonstrate the requisite financial stability, integrity and responsibility.

The Company is a party to various claims, legal actions and complaints arising in the ordinary course of business or asserted by way of defense or counter-claim in actions filed by the Company. Management believes that its defenses are substantial in each of these matters, and the Company's legal posture can be successfully defended or satisfactorily settled without material adverse effect on its consolidated financial position, results of operations or cash flows.

The CCC imposes an annual tax of eight percent on gross casino revenue. Pursuant to legislation adopted in 1984, casino licensees are required to invest an additional one and one-quarter percent of gross casino revenue for the purchase of bonds to be issued by the Casino Reinvestment Development Authority ("CRDA") or make other approved investments equal to that amount; in the event the investment requirement is not met, the casino licensee is subject to a tax of two and one-half percent on gross casino revenue. As mandated by the legislation, the interest rate of the CRDA bonds purchased by the licensee will be two-thirds of the average market rate for bonds available for purchase and published by a national bond index at the time of the CRDA bond issuance. The Company's reinvestment obligation for 2005 and 2004, respectively, was \$4,858,000 and \$3,546,000 for the purchase of CRDA bonds. In 2005 and 2004, the Company recorded a loss provision of \$1,367,000 and \$584,000 respectively. The loss provision is to recognize the effect of the below market interest rate using the interest rate in effect at September 30, 2005.

**NOTE 5.****RELATED PARTIES**

Transactions with affiliates consist of expenditures by affiliates on the Company's behalf including purchases of assets, facility rental, and administrative expenses or cash advances to affiliates or other receivables from affiliates. The Company has many significant transactions with Aztar. Since payment is not required to be made currently, the net of these transactions is classified as long-term.

Aztar performs various corporate services for the Company. For the period ended September 30, 2005 and 2004, Aztar charged the Company a management fee of \$24,900,000 and \$24,600,000 respectively.

Due to affiliates is reflected in Other Liabilities. The identity of the affiliate and corresponding balances at September 30, 2005 and 2004 are:

	<u>2005</u>	<u>2004</u>
Due to Aztar Corporation	\$336,602,000	\$219,836,000
Due to Ramada New Jersey, Inc.	407,000	332,000
Due to Adamar Garage Corporation	4,881,000	20,788,000
Due to Atlantic Deauville, Inc.	375,000	305,000
Due to Tropicana West	<u>101,000</u>	<u>0</u>
	<u>\$342,366,000</u>	<u>\$241,261,000</u>

Advances to affiliates are reflected in Investments, Advances and Receivables. The identity of the affiliate and corresponding balances at September 30, 2005 and 2004 are:

	<u>2005</u>	<u>2004</u>
Advances to Tropicana West	\$ 0	\$ 1,768,000

Notes payable to related parties are included in Long-term debt to affiliates (See Note 3). The identity of the affiliate and corresponding balances at September 30, 2005 and 2004 are:

<u>PAYEE</u>	<u>2005</u>	<u>2004</u>
Aztar Corporation	\$ 447,000,000	\$ 447,000,000

For the nine months ended September 30, 2005 and 2004 the Company incurred charges from affiliates which are indicated in the accompanying Statements of Income as Cost of Goods and Services and Selling, General, and Administrative. The nature of the charges and dollar amounts are as follows:

	<u>2005</u>	<u>2004</u>
<u>COST OF GOODS AND SERVICES</u>		
Executive deferred compensation plan	\$ 2,000	\$ 2,000
Property insurance	<u>2,224,000</u>	<u>1,948,000</u>
	<u>2,226,000</u>	<u>1,950,000</u>
<u>SELLING, GENERAL AND ADMINISTRATIVE</u>		
Insurance	430,000	497,000
Executive deferred compensation plan	19,000	16,000
Claims	0	13,000
Professional services	<u>46,000</u>	<u>4,000</u>
	<u>495,000</u>	<u>530,000</u>
Total	<u>\$ 2,721,000</u>	<u>\$2,480,000</u>

**NOTE 6. ACCOUNTING FOR THE IMPACT OF THE OCTOBER 30, 2003 CONSTRUCTION ACCIDENT**

An accident occurred on the site of the construction of the parking-garage component of the expansion project on October 30, 2003. The accident resulted in loss of life and serious injuries, as well as extensive damage to the facilities under construction.

Construction on the expansion project was substantially completed by December 31, 2004. The expansion includes 502 additional hotel rooms, 20,000 square feet of meeting space, 2,400 parking spaces, and "The Quarter at Tropicana", a 200,000-square-foot dining, entertainment and retail center.

During the nine months ended September 30, 2005, the Company incurred \$2,652,000 of construction accident related costs and expenses that may not be reimbursed by insurance. These costs and expenses primarily consist of professional fees incurred as a result of the accident.

During the nine months ended September 30, 2005, the Company recorded \$526,000, of insurance recoveries due to the delay of the opening of the expansion. These insurance recoveries represent a portion of the anticipated profit that the Company would have recognized had the expansion opened as originally projected as well as some reimbursement for costs incurred as a result of the delay. These insurance recoveries were classified as a component of Non-operating Income(Expense) in the Statements of Income. Insurance claims for business interruption that occurred from the date of the accident through March 31, 2005 have been filed with the Company's insurers in the amount of approximately \$38,500,000, of which \$3,500,000 has been received by the Company. The Company also anticipates filing claims for business interruption for the second and third quarters of 2005. In addition, the Company has filed insurance claims for lost profits and additional costs as a result of the delay in the opening of the expansion. The total of these claims is approximately \$65,000,000, of which approximately \$9,200,000 has been received by the Company. Profit recovery from insurance is recorded when the amount of recovery, which may be different from the amount claimed, is agreed to by the insurers. The Company has also filed insurance claims of approximately \$9,000,000 for other costs it has incurred that are related to the construction accident, of which \$1,500,000 has been received by the Company. These other costs are primarily supplemental marketing costs and approximately \$1,600,000 was included in the Balance Sheet as part of Receivables and Patron's Checks at September 30, 2005.

In order to ensure that the construction proceed expeditiously and in order to settle certain disputes, the Company and the general contractor entered into a settlement agreement on October 6, 2004 that delineates how the Company and its contractor will share the cost of and the insurance proceeds received for the dismantlement, debris removal, and rebuild. During the nine months ended September 30, 2005, the Company recorded \$4,161,000 of insurance recoveries associated with the rebuild, net of direct costs to obtain the recoveries. These amounts were classified as a component of Non-operating Income(Expense) in the Statements of Income. A receivable of \$1,625,000 was recorded during 2004 for dismantlement and debris removal activities, of which \$675,000 was included in the Balance Sheet as part of Receivables and Patron's Checks at September 30, 2005. In addition, at September 30, 2005, the Company's share of claims outstanding for dismantlement, debris removal and rebuild was approximately \$39,000,000.

NOTE 7. NON-OPERATING INCOME/(EXPENSE)

For the period ending September 30, 2005 and 2004, Non-operating Income/(Expense) consisted of the following:

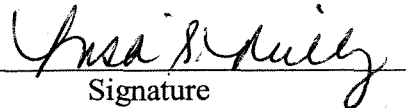
	<u>2005</u>	<u>2004</u>
Interest income	\$ 873,000	\$ 521,000
Loss on dispositions	(397,000)	(522,000)
Construction accident	2,035,000 *	7,392,000
Pre-Opening Costs	0	(1,123,000)
Affiliate rent expense	<u>(3,634,000)</u>	<u>(3,634,000)</u>
Total	\$ (1,123,000) =====	\$ 2,634,000 =====

\*Revised 12/29/05

12/29/05

## STATEMENT OF CONFORMITY, ACCURACY AND COMPLIANCE

1. I have examined this Quarterly Report.
2. All the information contained in this Quarterly Report has been prepared in conformity with the Casino Control Commission's Quarterly Report Instructions and Uniform Chart of Accounts.
3. To the best of my knowledge and belief, the information contained in this report is accurate.
4. To the best of my knowledge and belief, except for the deficiencies noted below, the licensee submitting this Quarterly Report has remained in compliance with the financial stability regulations contained in N.J.A.C. 19:43-4.2(b)1-5 during the quarter.

  
Signature

Assistant Vice President,  
Finance

005939-11  
License Number

On Behalf of:

Tropicana Casino and Resort  
Casino Licensee